

18 April 1977

MEMORANDUM FOR: Sayre Stevens
Deputy Director for Intelligence

THROUGH :
Acting Director, Center for Policy Support

SUBJECT : China Analysis in the DDI

1. Over the past two months I have been looking over the Directorate's work in the China field, gently asking questions, checking production, plans and schedules and filling in gaps in the fund of knowledge I brought to this job. The next step is to ask the question, where do we want to go from here? In formulating this question, I make the assumption that as a problem China ranks with the Middle East directly behind the USSR as a priority target for the analytic work of the Directorate.

2. Much good work is now being done within the Directorate in attacking this target, but there are gaps, both in terms of developing a Directorate-wide China program, and equally importantly, in the work of the individual offices on China. Some gaps are inevitable. Obviously a good deal of leeway must be allowed for work that is driven by developments in China itself or by requests, demands and concerns that originate at the policy-making levels of the administration. Much of the most important work on China will fall into this category.

3. Nevertheless, it seems to me that a good percentage of the analysis on China within the Directorate need not be left to the laissez-faire methods and attitudes of the past. There are, I believe, three congruent ways to tackle the problem. The first is to emphasize interdisciplinary work so that China analysts in one office will become knowledgeable of the perceptions and contributions of their fellow analysts in other offices. My proposal for a series of such papers is scheduled for discussion at the next Production Board. The series of papers proposed not only highlight several of the major analytical questions now facing China analysts but also involves nearly every office in the Directorate without overburdening any single office. Taken as a whole these papers should provide the beginnings of a framework for a Directorate-wide attack on the China problem.

4. The second prong in this attack is the DDI Priority Intelligence Production Projects program which you are now developing. This program, once fully launched, should not only further develop a coherent Directorate-wide China analytic program but should in time force the individual offices to concentrate more consciously on high priority projects of interest to policymakers. Both these efforts are important steps forward, but I am not sure they will fully meet the problem that I see within the individual offices themselves. This problem is to make the China research effort in each office more cohesive, interrelated and responsive to the overall needs and concerns of the Directorate as a whole. This is in large part a problem of focus.

5. Let me illustrate that problem with some concrete examples.

--OER. This is the only office with a coherent office-wide China program. That program is devoted to quantifying Chinese industrial and agricultural production through the reworking and refining of production indices for each industry. This program has been underway in a serious manner for two years; the payoff should come in another year. I consider this important work, although my economic colleagues in CPS point out that lack of data poses serious problems which cannot be fully overcome. Nevertheless, this work is primarily directed toward producing a series of papers to be incorporated in Senator Proxmire's periodic hearings on the state of the Chinese economy; in other words, the work of the office in the the China field is driven by the Senator's concerns and schedules, not those of the Directorate. Moreover, concentration on production indices means that serious work in the areas of economic strategy--i.e., the choices the Chinese leadership must face--and of such structural and institutional problems as organization in the countryside and the factories has been neglected; in fact, [] tells me that he does not presently employ analysts who could effectively work in these neglected areas. As a result, the Directorate is doing no meaningful work in the field of what [] calls political economy.

--ORPA. In my view this office does not have a coherent China research program in the sense that OER does. The rule of thumb appears to be simply a matter of asking each individual analyst what he or she would like to work on; many research projects are merely holdovers from those projected when OPR was in existence. The strongest analysts in the office respond well to outside stimulus--events in China, or requests from "on high"--but are relatively weak on conceptualization. Other

analysts bury themselves in research projects of doubtful relevance. Several senior analysts engage in projects of their own devising which rework analytic concepts partly outmoded twenty years ago. An overall sense of direction appears to be lacking; the various China research papers the office is now undertaking do not seem to be interrelated in any significant way.

--OSR. This office also lacks a coherent plan of attack on the China problem; here also projects seem to be undertaken largely because a given analyst would like to spend some time on it. Nearly all resources are consumed in addressing the problem of Chinese military capabilities. This is a question of great importance which surely cannot be ignored, but no meaningful work is now being done on broader questions of Chinese military strategy and doctrine. Normally this work would fall to [] but recently the two China analysts in that center (who were in fact relatively weak and not producing much meaningful work) have been detached from [] and assigned to other duties. No provision seems to have been made to take up the slack.

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--OSI. Only in [] has a consistent and long-term effort been made on China problems. A review of office projects initiated or continued last year shows less than 20 devoted to China; this compares to nearly 200 on the USSR. Several years ago [] disbanded its China branch; it felt the analysts were underemployed. Very little work on China was done in the division subsequently, and recently some thought has been given to allowing the pendulum to swing way back. The division is now looking for a DDO body to "coordinate" and ginger up analysts (whose work is assigned along functional lines) to consider China issues. One analyst--solid but not very imaginative--has been assigned full time to China. While the new concern that China work has lagged seems admirable, the solutions thus far proposed seem little more than palliatives. The situation is no better in [] where little or no sustained work is now being done on China issues.

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--OWI. The situation in this office parallels that in OSI. Nearly all work is concentrated on the USSR. My colleague, [] estimates that no more than one and one-half man-years is is currently being devoted to China within the office.

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25X1 --OGCR. The China work of this office is generally coherent, and is largely self-defined by the nature of the office's concerns. Geographic work is largely a question of maintenance of a data-base; the most interesting project now in view is the application of [redacted] techniques to the China project. This effort will take several years to mature. The major problem here-- particularly as it concerns traditional geographic work--is one of relevance and of lack of intellectual interaction with analysts in other offices.

--OCR. Relevance is also a problem here; a more fundamental problem--which is not confined to the China field--is the quality of analytical work. The office has great difficulty in retaining first-class analysts, who quickly move on to more interesting work in other offices. Officials at the policy-making level have complained for years about the quality of [redacted] the office produces in the China area. The current [redacted] chief tells me there is little he can do about this; he lacks qualified personnel to turn out a better product.

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--OIA. The work of this office is driven by the requirements of other Directorate components.

6. In light of the foregoing, I propose a third prong to the Directorate's attack on the China problem. What I have in mind is a focused approach to research that would both challenge and channel the Directorate's intellectual resources devoted to the China question. This effort would supplement the Priority Intelligence Production Projects program in focusing the work of the individual production offices into a coherent pattern. This effort would not be a production program in the usual sense of the term, although many useful papers would fall out from it; it would primarily be a means of making the individual efforts of the various analysts in each of the offices relevant one to another. And if successful it would make the China work of the Directorate at once more disciplined and innovative.

7. This effort would involve the following elements: (a) orient the research effort of ORPA and to a lesser degree OER and OSR around the fundamental question of how Chinese decision-making works. There is a considerable body of unexploited material bearing on this problem which could yield important results to imaginative research and analysis; (b) begin to orient the research effort of OER toward research on political economy. This is an important subject in its own right, but it would also support the effort in the decision-making area;

(c) while allowing for continuing work on military capabilities, reorient a considerable portion of the research effort of OSR and OWI toward the field of Chinese military doctrine and strategy. This is a virgin field and an important one; this work would also support the basic effort of decision-making; (d) beef up the China work of OSI and orient its research effort toward the technology transfer problem. This is a high-priority target and one touched on in PRM-24. This work would be supported in part by OER and ORPA.

8. In addition to orienting the research work of the various offices around a coherent theme, we should: (a) use the CPS-proposed outside research project on career patterns of selected Chinese leaders as a model for OCR to follow in its in-house work [redacted] Exploitation of Chinese publications, which is the heart of this project, would eventually involve OCR in a cooperative venture with the [redacted] (b) draw OGCR more fully into the analytic work of the Directorate primarily through cooperation with OER in applying [redacted] to the China problem.

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9. The first step in this three-pronged effort is adoption to the program for interdisciplinary papers on China. A logical follow-on would be to bring some division and some branch chiefs together for a discussion with you of the outstanding analytic problems facing us in the China area.

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[redacted]
CPS/China

Attachments:

- (1) Proposal for Interdisciplinary Papers on China
- (2) OER China production program
- (3) OSR China production program
- (4) Informal OSR China production plan
- (5) Consolidated OSI China production program
- (6) Informal ORPA China production plan
- (7) Consolidated ORPA China production schedule

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